



April 29, 2022

The Honorable Glenn Youngkin
Governor
Commonwealth of Virginia
Patrick Henry Building, 3rd floor
1111 E. Broad Street
Richmond, VA 23219

Re: March 2022 Lottery Results

Dear Governor Youngkin:

I am pleased to provide our report of monthly activities and financial update for the month of March 2022, as required in §58.1-4006 of the *Code of Virginia*.

March sales totaled \$327.4 million, down \$3.6 million (-1.1%) compared to the same month last year. March profits of \$63.2 million were \$4.7 million (-6.9%) lower than March 2021. The sales and profit declines were the result of lower-than-expected sales in retail locations across Virginia. Compared to the revised forecast included in the introduced budget, year-to-date sales are \$1.6 million (-0.1%) lower than forecast but profits are \$20.9 million (3.6%) ahead of the forecast, due to lower than expected prize and operating expenses.

Through the end of March, the Lottery has made debt setoff collection payments to the Department of Taxation totaling nearly \$4.7 million this fiscal year. Unclaimed prizes totaling over \$13.3 million have been transferred to the Literary Fund during the current fiscal year.

As the Lottery continues to work diligently to support its important mission of raising revenue for K-12 public schools, I am particularly appreciative of the support demonstrated by you and the First Lady for the Lottery's seventh annual Thank a Teacher campaign. Each year we enjoy encouraging all Virginians to send sentiments of "thanks for all you do" to their favorite educators in conjunction with Teacher Appreciation Week the first week of May. This year the notes feature award-winning designs by three Virginia public-school students from Stafford, Yorktown and Petersburg.

April 29, 2022
Page Two

Please let me know if you have any questions, or if you would like more information.

Respectfully,



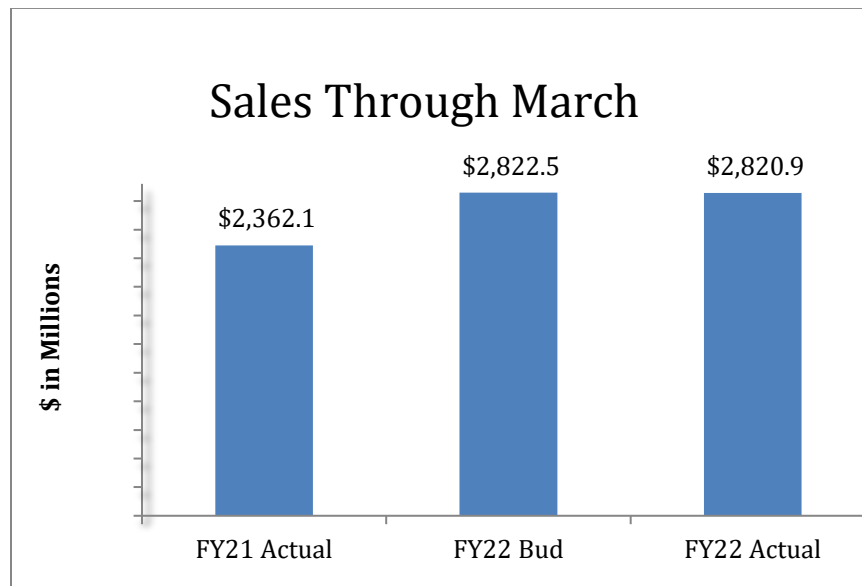
Kelly T. Gee

- c: The Honorable Janet D. Howell, Chairwoman, Senate Finance & Appropriations Committee
- The Honorable Barry D. Knight, Chairman, House Appropriations Committee
- The Honorable Roxann L. Robinson, Chairwoman, House Finance Committee
- The Honorable Jeff Goettman, Chief of Staff, Office of the Governor
- The Honorable Stephen E. Cummings, Secretary of Finance
- Michael Maul, Director, Department of Planning & Budget
- Lewis R. McCabe, State Comptroller
- April Kees, Director, Senate Finance & Appropriations Committee
- Anne E. Oman, Staff Director, House Appropriations Committee
- Ferhan Hamid, Chairman, Virginia Lottery Board

VIRGINIA LOTTERY
Report to the Governor and
Selected Members of
the General Assembly
As of March 31, 2022

Sales

Lottery sales for the fiscal year totaled \$2,820.9 million through March. This represents an increase of \$458.8 million (19.4%) compared to the prior year but \$1.6 million (-0.1%) lower than forecast. Scratcher sales of \$1,023.8 million were \$70.8 million (7.4%) higher than last year but \$51.2 million (-4.8%) lower than the forecast. Sales of daily games (Pick 3, Pick 4, and Cash 5) totaled \$566.8 million, a decrease of \$28.6 million (-4.8%) from last year and \$30.0 million (-5.0%) lower than forecast. Sales in the jackpot games category (Mega Millions, Powerball, Cash for Life and Bank a Million) totaled \$204.4 million, a decrease of \$9.7 million (-4.5%) compared to last year but \$5.8 million (2.9%) higher than forecast. Sales of Print n' Play, KENO, iLottery Instants and a new daily Cash Pop offering totaled \$1,025.9 million, \$426.2 million (71.1%) higher than last year and \$73.8 million (7.8%) ahead of forecast.



Expenses

The overall prize expense rate (prizes as a percent of sales) for the year to date was 70.6%, higher than last year's rate of 67.1% but slightly lower than the forecast rate of 70.7%. The increase in the prize expense rate is attributable to the higher percentage of total sales from iLottery games, which are designed to have higher prize payout rates. The scratcher prize rate of 71.4% was higher than last year's rate of 70.8%, but lower than the 71.5% forecast rate, as players continue to choose higher price tickets with higher prize payout rates. The daily games

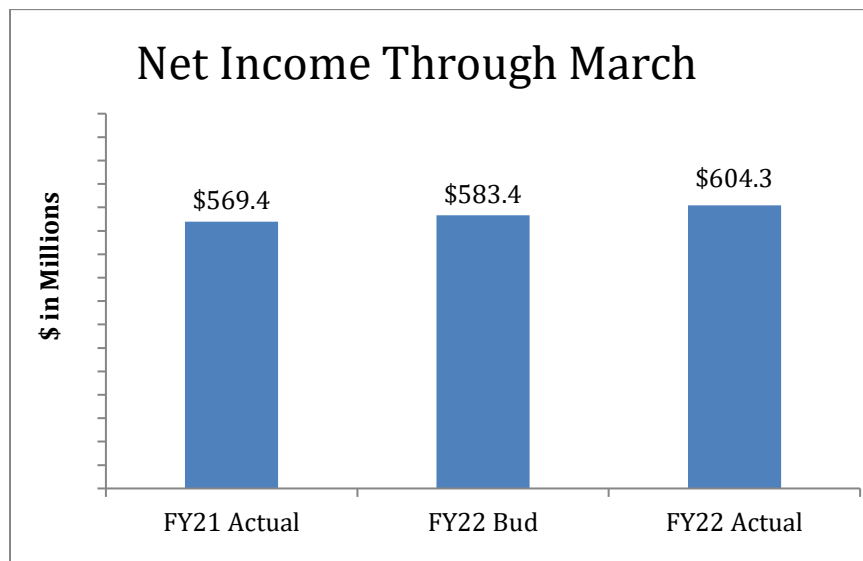
prize rate of 47.9% was lower than last year's rate of 49.0% and lower than the forecast rate of 51.2%. It is important to note that significant fluctuations in prize expense rates occur during the short term, especially for games that have fixed prizes; however, overall long-term prize rates reflect outcomes more in line with statistical expectations.

With higher sales, and key incentive programs in place to support retailer sales and earnings, retailers earned \$2.9 million or 2.9% more in commissions and incentives than last year, for a total \$105.9 million in earnings.

Administrative operating costs, including gaming, ticket printing and distribution expenses, were 4.2% of sales, lower than last year's 4.5% rate and lower than the forecast rate of 4.6%.

Net Income

While retail activity began softening in January, overall strong sales in both retail products and iLottery Instants during the fiscal year led to profits of \$604.3 million, an increase of \$34.9 million (6.1%) compared to last year and \$20.9 million (3.6%) ahead of our forecast year to date.



CONTRIBUTIONS TO DEBT SETOFF & LITERARY FUND

Through the end of March, the Lottery made debt setoff collection payments to the Department of Taxation totaling \$4,654,413. Also, unclaimed prizes totaling \$13,340,076 were transferred to the Literary Fund through March this year.

MEETINGS

The Lottery Board held a regularly scheduled business meeting in Richmond on April 27, 2022. The next scheduled meeting for the Board is July 20, 2022.